



Ordinary and Extraordinary Shareholders'  
Meeting

July 10<sup>th</sup>, 2007

Neopost SA

a limited company (société anonyme)  
with share capital of euros 31,446,071  
Registered office: 113, rue Jean Marin Naudin - 92220 Bagneux  
Nanterre Trade and Companies' Register # 402 103 907

## INVITATION TO ATTEND THE MEETING

Shareholders of Neopost are invited to attend the Ordinary and Extraordinary Shareholders' Meeting to be held at 10 a.m. on July 10<sup>th</sup>, 2007, at the Méridien Hotel, Montparnasse, 19 rue du Commandant Mouchotte, 75014 Paris, in order to deliberate on the following agenda:

***Matters within the competence of the ordinary general meeting:***

- Reports of the Board of Directors and the Auditors on the fiscal year ended January 31, 2007;
- Approval of the balance sheet and the corporate financial statements;
- Allocation of earnings;
- Allocation of dividends;
- Approval of the consolidated financial statements;
- Special report of the auditors and approval of the agreements governed by Article L. 225-38 of the French Commercial code;
- Determination of Directors' fees;
- Appointment of a new director: Mr Denis Thiery;
- Appointment of a new director: Ms Agnès Touraine;
- Renewal of Directors: Mr Guillet, Mr Clay and Mr Villot;
- Reappointment of a titular auditor, Ernst and Young et Autres (Ex- Barbier Frinault et Autres) ;
- Reappointment of a substitute auditor, Monsieur Christian Chochon;
- Authorization given to the Board to redeem company shares, in accordance with article 225-209 of the French Commercial code;

## ***Matters within the competence of the extraordinary general meeting:***

- Reports of the Board of Directors;
- Special report of the auditors;
- Amendment of Article 18.2 of the articles of association, "General meetings", concerning general meeting participation procedures;
- Delegation of powers to the Board of Directors to issue ordinary shares and securities giving access to the company's capital, with retention of the shareholders' preferential subscription right;
- Authorisation given to the Board of Directors to increase the value of issues in the event of surplus applications in the case of capital increases with retention of the preferential subscription right;
- Delegation of powers granted to the Board of Directors to increase the capital by incorporating reserves, profits or premiums;
- Delegation of powers granted to the Board of Directors to increase the capital by incorporating reserves, profits or premiums;
- Delegation of powers granted to the Board of Directors for a capital increase by issuing ordinary shares and securities giving access to the capital in return for contributions in kind up to a limit of 10% of the share capital;
- Delegation of powers granted to the Board of Directors to issue ordinary shares and securities giving access to the company's capital in the case of a public exchange offer made by the company;
- Authorisation given to the Board of Directors to carry out capital increases and sales reserved for group employees in accordance with the provisions of Articles L.433-1 et seq. of the Labour Code;
- (Authorisation to be given to the Board of Directors to carry out capital increases reserved for financial institutions or companies created specifically to implement an employee savings scheme for the benefit of employees of certain foreign subsidiaries or branches of the group equivalent to the existing savings schemes of French and foreign group companies;
- Amendment of the authorisation granted by the general meeting held on 5th July 2006 for the Board of Directors to allot free existing or new shares;
- Authorisation given to the Board of Directors to cancel shares acquired as a result of the company buying back its own shares;
- Delegation of powers granted to the Board of Directors to issue securities giving the right to the allotment of debt securities and not giving rise to an increase in the company's capital
- Powers for legal formalities;

## DRAFT RESOLUTIONS

### *Matters within the competence of the ordinary general meeting:*

#### **First resolution**

*(Approval of the corporate accounts)*

The general meeting, having heard the Board of Directors' management report and the auditors' report, approves in full the management report, the annual corporate accounts settled on 31st January 2007 (income statement, balance sheet and notes), as drawn up and presented to it, and the operations reflected by these accounts.

#### **Second resolution**

*(Allocation of the result)*

As a result of the preceding resolution, the general meeting, acknowledging that:

The amount carried forward totals	1,488,201.00
Plus the annual result of	<u>157,504,712.51</u>
i.e. a total available amount of	158,992,913.51

Decides to allocate this amount as follows:

• Payment of an ordinary dividend of €3.30 per share, i.e.	103,627,590.00
The balance to be carried forward after the allocation:	55,365,323.51

The dividend will be released for payment on 13th July 2007.

In accordance with the legal provisions applying since 1st January 2006, this dividend will not come with a tax credit. Instead, private shareholders resident for tax purposes in France will be entitled to 40% relief on the full amount.

The general meeting decides, in accordance with the provisions of Article L.225-210 of the Trade Code, that the dividends corresponding to shares owned by the company on the date of release for payment will be credited to the "amount carried forward" account.

The general meeting authorises the Board of Directors, with the right to delegate under the conditions laid down by law, to debit from the "Amount carried forward", "Issue premium" or "Conversion premium" account the funds needed to pay the dividend attached to the shares created as a result of share options being exercised between 1st February 2007 and the date when the dividend is released for payment.

The general meeting acknowledges that a dividend of €1.25 per share, i.e. €37,911,673.75, was paid for the 2003-04 financial year, an ordinary dividend of €1.50 and an exceptional dividend of €2, i.e. €111,527,174.50, were paid for the 2004-05 financial year and an ordinary dividend of €2.20 and an exceptional dividend of €0.80 per share, i.e. €95,721.26, were paid for the 2005-06 financial year.

	2003-04	2004-05	2005-06
Number of shares	30,329,339	31,864,907	31,907,087
Nominal share value (€)	1	1	1
Total earnings per share (€)	1.26	0.78	1.06
Dividend distributed per share (€)	1.25	1.5 + 2	2.20 + 0.80
50% or 10% tax credit (€)	0.625 or 0.125	–	–
Tax relief for private shareholders domiciled in France for tax purposes		50% eligible	40% eligible

### Third resolution

*(Approval of the consolidated accounts)*

The general meeting, ruling according to the quorum and majority conditions required for ordinary general meetings, having heard the Board of Directors' management report (including the group management report) and the auditors' general report on the consolidated accounts, approves in full the management report and the annual consolidated accounts settled on 31st January 2007, as drawn up and presented to it.

### Fourth resolution

*(Approval of agreements specified in Article L.225-38 of the Trade Code)*

The general meeting, having heard the auditors' special report on agreements specified in Article L.225-38 of the Trade Code, approves the terms of this report and each of the agreements referred to therein.

### Fifth resolution

*(Determination of directors' fees)*

The general meeting sets the amount of fees allocated to the Board of Directors for the current financial year at €290,000.

**Sixth resolution**

*(Appointment of a new director: Mr Denis Thiery)*

The general meeting, having heard the Board of Directors' report, decides to appoint Mr Denis Thiery as a director for a term of three years ending at the general meeting called to approve the accounts for the financial year ending 31st January 2010, Mr Thiery having declared that he would accept this appointment and that he is not subject to any disqualification or incompatibility preventing from taking up this office.

**Seventh resolution**

*(Appointment of a new director: Ms Agnès Touraine)*

The general meeting, having heard the Board of Directors' report, decides to appoint Ms Agnès Touraine as a director for a term of three years, i.e. until the ordinary general meeting called to approve the accounts for the financial year ending 31st January 2010.

**Eighth resolution**

*(Renewal of Mr Michel Guillet's directorship)*

The general meeting, having heard the Board of Directors' report and acknowledging that Mr Michel Guillet's directorship is due to expire at the end of the present meeting, decides to renew it for a term of three years expiring at the general meeting called to approve the accounts for the financial year ending 31st January 2010.

**Ninth resolution**

*(Renewal of Mr Jacques Clay's directorship)*

The general meeting, having heard the Board of Directors' report and acknowledging that Mr Jacques Clay's directorship is due to expire at the end of the present meeting, decides to renew it for a term of three years expiring at the general meeting called to approve the accounts for the financial year ending 31st January 2010.

**Tenth resolution**

*(Renewal of Mr Jean-Paul Villot's directorship)*

The general meeting, having heard the Board of Directors' report and acknowledging that Mr Jean-Paul Villot's directorship is due to expire at the end of the present meeting, decides to renew it for a term of three years expiring at the general meeting called to approve the accounts for the financial year ending 31st January 2010.

### **Eleventh resolution**

*(Reappointment of a titular auditor)*

The general meeting, acknowledging that the term of office of Cabinet Barbier Frinault et Autres, now Ernst & Young et Autres, as a titular auditor is due to expire at the end of the present meeting, decides to renew it for a further period of six financial years expiring at the end of the ordinary general meeting called to approve the accounts for the financial year ending 31st January 2013.

### **Twelfth resolution**

*(Reappointment of a substitute auditor)*

The general meeting, acknowledging that Mr Christian Chochon's term of office as a substitute auditor is due to expire at the end of the present meeting, decides to renew it for a further period of six financial years expiring at the end of the ordinary general meeting called to approve the accounts for the financial year ending 31st January 2013.

### **Thirteenth resolution**

*(Share redemption programme)*

The general meeting, having heard the Board of Directors' special report on the share redemption programme, authorises the Board, in accordance with Articles L.225-209 *et seq.* of the Trade Code and European Commission Regulation No. 2273/2003 of 22nd December 2003, to redeem company shares, directly or indirectly, in one or more stages, at the times of its choice, up to a limit of 10% of the number of shares forming the share capital, this limit to be assessed at the time of the redemptions, i.e. on the basis of the current capital, a theoretical amount of ... shares.

The general meeting decides that this authorisation may be used:

- to cancel the redeemed shares within the framework of the company's financial policy, subject to the adoption of the twentieth resolution;
- to comply with share issue obligations accepted during (a) the issue of securities giving immediate or future access to the capital, (b) the allotment of company share options to group employees and corporate officers, (c) the allotment of free shares to group employees and corporate officers and (d) the allotment or sale of shares to group employees as part of profit-sharing schemes, employee share ownership schemes, company savings schemes and any other statutory provisions;
- to deliver shares as payment or in exchange, particularly as part of external growth operations, amounting to not more than 5% of the share capital;
- to ensure the liquidity and/or buoyancy of the market for the shares, within a liquidity contract complying with the ethical charter accepted by the financial markets authority, awarded to an investment services provider acting independently.

The maximum share purchase price is set at the value of the share at the end of trading on the last stock exchange business day preceding the present meeting plus 30% and the minimum share sale price is set at the value of the share at the end of trading on the last stock exchange business day preceding the present meeting less 30%.

The sale or transfer price will be set under the statutory conditions for the share sales or transfers performed. The share purchase price will be adjusted by the Board of Directors in the event of financial operations carried out by the company, notably the division or grouping of shares or, within a share option plan, share purchases, sales and allotments to employees under the conditions laid down by the operative regulations. In particular, in the event of a capital increase via the incorporation of reserves and the allotment of free shares, the price indicated above will be adjusted by applying a multiplier equal to the ratio between the number of shares forming the capital before the operation and the number after the operation.

The said shares may be acquired, sold, transferred or exchanged via any means on the market or outside it, including block trades and the use of derivatives, notably by purchasing share options in compliance with the operative regulations. The share of the redemption programme that can be carried out via block transactions is not limited. The said operations may be carried out at any time, including periods of public offers, in compliance with the operative regulations.

The general meeting gives all powers to the Board of Directors, with the right to sub-delegate, to carry out these operations, to determine the terms and conditions thereof, to place all stock exchange orders, to sign all purchase, sale and transfer documents, to conclude all agreements, to make any necessary adjustments, to make all declarations and to carry out all formalities.

This authorisation is granted for a period of eighteen months from the date of this meeting. It ends the authorisation given to the Board of Directors by the ordinary general meeting held on 5th July 2006.

## **Matters within the competence of the extraordinary general meeting**

### **Fourteenth resolution**

*(Amendment of Article 18.2 of the articles of association, "General meetings", concerning general meeting participation procedures)*

The general meeting, ruling under the quorum and majority conditions required for extraordinary general meetings, having heard the Board of Directors' report, decides to adapt the articles of association to Decree No. 2006-1566 of 11th December 2006, which amended the Commercial Companies Decree, No. 67-236, of 23rd March 1967, in relation to general meeting participation, and, consequently, to amend Article 18.2 of the articles of association to read as follows:

"The right of share owners to participate in company general meetings in person, by proxy or from a distance is subject to the shares being recorded in accounts in the name of the shareholder or the intermediary registered on the shareholder's behalf (under the conditions laid down by the law) on the third working time preceding the general meeting at zero hours, Paris time:

- for registered shareholders: in registered share accounts kept by the company;
- for bearer shareholders: in bearer share accounts kept by the authorised intermediary under the conditions laid down by the operation regulations.

Subject to the reservation above, general meetings are formed by all the shareholders irrespective of the numbers of shares that they own, provided that all due payments have been made for their shares.

Any shareholder may vote by proxy or at a distance. To be accepted, all ballot forms must actually be received at the company's head office or at the location specified by the summons notice at least three days before the date of the general meeting, unless a shorter timescale is stated in the summons notice or results from operative mandatory provisions shortening this timescale.

The Board of Directors will be entitled to authorise the sending of ballot forms and certificates of attendance by remote transmission (including e-mail) under the operative statutory and regulatory conditions, in which case the electronic signature may take the form of a process complying with the conditions defined in Article 1316-4, second paragraph, first sentence, of the Civil Code. The personal attendance of a shareholder at a general meeting annuls any proxy or distance voting.

Each shareholder has as many votes as shares he/she/it owns or represents."

The remainder of Article 18 will remain unchanged.

### **Fifteenth resolution**

*(Delegation of powers to the Board of Directors to issue ordinary shares and securities giving access to the company's capital, with retention of the shareholders' preferential subscription right)*

The general meeting, ruling under the quorum and majority conditions required for extraordinary general meetings, having heard the Board of Directors' report and the auditors' special report and ruling in accordance with the provisions of Articles L.225-129-2 and L.228-92 of the Trade Code:

- Delegates to the Board of Directors the powers to decide on one or more increases in the company's capital by issuing, in France and/or abroad, ordinary shares and any securities giving access to ordinary company shares via any means, immediately and/or in the future, where securities other than shares may be denominated in foreign currency or in any monetary unit established with reference to several currencies;
- Decides that the total nominal value of the capital increases that may be carried out immediately or in the future may not exceed €5,000,000, not including any adjustments that may be performed in accordance with the law, plus the value of any shares issued to protect, in accordance with the law, the rights of holders of securities giving the right to shares; the maximum value of the capital increases that can be carried out under this delegation of powers applies to the sixteenth, eighteenth and nineteenth resolutions and the total nominal value of the capital increases carried out under these resolutions will be set off against this total limit;
- Decides that the securities issued as above that give access to ordinary company shares may notably consist of debt securities or be associated with the issue of such securities or enable the issue thereof as intermediate securities; in particular, they may take the form of subordinate securities or not with a fixed term or not; debt securities giving access to ordinary company shares may bear fixed-rate and/or variable-rate interest or compound interest, may be reimbursed, with or without a premium, or redeemed and may also be bought back on the stock exchange or via a purchase offer or exchange offer made by the company; the maximum nominal value of such issues may not exceed €250,000,000 on the date of the issue decision or the equivalent thereof in the event of an issue in foreign currency or in a monetary unit established with reference to several currencies, this maximum amount of €250,000,000 applying to the sixteenth, eighteenth and nineteenth resolutions, though being autonomous and distinct from the value of the securities issued on the basis of the twenty-fourth resolution and the value of bonds issued by decision or authorisation of the Board of Directors under Article L.228-40 of the Trade Code, this amount not including any redemption premiums that may be stipulated;
- Decides that the shareholders have, in proportion with the value of their shares, a preferential right to subscribe to securities issued under the present resolution; the Board may also give shareholders the right to subscribe on a non-preferential basis to a number of securities in excess of the number to

which they may subscribe on a preferential basis, in proportion with their subscription rights and up to the limit of their applications; if the subscriptions on a preferential basis and, where appropriate, a non-preferential basis do not cover an entire issue of securities, the Board may, if it chooses, limit the issue to the value of the subscriptions received, on condition that they cover at least three quarters of the issue concerned, allocate the securities not subscribed to as it thinks fit and/or offer them to the public; the general meeting notes that this delegation of powers automatically entails the shareholders' waiver of their preferential right to subscribe to the ordinary company shares to which any securities issued on the basis of this delegation of powers may entitle the holders of securities giving access to the company's capital issued under this delegation of powers;

- Decides that the Board of Directors will have the necessary powers, with the right to sub-delegate, to implement the present resolution, to define the issue conditions, to record the completion of the resulting capital increases, to make any adjustments to take account of the effect of the operation on the company's capital, to define the procedures for protecting the rights of holders of securities giving access to the company's capital in accordance with the applicable statutory, regulatory or contractual provisions, to amend the articles of association correspondingly, to enable any setting off of expenses against the issue premium and, generally, to take all necessary steps;
- Acknowledges that the present delegation of powers ends, with immediate effect, any previous delegation of powers for the same purpose and, in particular, supersedes, for the unused amounts, the delegation of powers granted in the twelfth resolution approved by the general meeting held on 5th July 2006.

The present delegation of powers is given for a period of 26 months from the date of this meeting.

### **Sixteenth resolution**

*(Authorisation given to the Board of Directors to increase the value of issues in the event of surplus applications in the case of capital increases with retention of the preferential subscription right)*

The general meeting, ruling under the quorum and majority conditions required for extraordinary general meetings, having heard the Board of Directors' report and the auditors' special report, authorises the Board of Directors, if it observes surplus demand in the case of a capital increase carried out under the fifteenth resolution, to increase the number of securities in accordance with the provisions of Article L.225-135.1 of the Trade Code within thirty days of the closure of the subscription period, up to a limit of 15% of the initial issue and the total ceiling defined by the fifteenth resolution, at the same price as the price set for the initial issue.

The general meeting acknowledges that the present delegation of powers ends, with immediate effect, any previous delegation of powers for the same purpose and, in particular, supersedes, for the unused amounts, the delegation of powers

granted in the thirteenth resolution approved by the general meeting held on 5th July 2006.

The present authorisation is given for a period of 26 months from the date of this meeting.

### **Seventeenth resolution**

(Delegation of powers granted to the Board of Directors to increase the capital by incorporating reserves, profits or premiums)

The general meeting, ruling under the quorum and majority conditions required for extraordinary general meetings, having heard the Board of Directors' report and in accordance with the provisions of Article 225-130 of the Trade Code:

1. Delegates powers to the Board of Directors to decide on one or more increases in the company's capital by incorporating reserves, profits, premiums or other sums that can be capitalised according to the law and the articles of association, in the form of an allotment of free shares or an increase in the nominal value of the existing shares or a combination of these two procedures;
2. Decides that rights forming fractions will not be negotiable and that the corresponding shares must be sold, the proceeds thereof being allocated to the rights holders within at most thirty days of the date of entry of the whole number of allotted shares in their accounts;
3. Decides that the value of the capital increase that can be carried out under the present delegation of powers may not exceed the total value of the sums that can be incorporated and a total nominal value of €30,000,000 (thirty million euros), this amount being set independently of the maximum limits on capital increases that may result from issues of shares or other securities authorised or empowered by this meeting, and including the nominal value of any additional shares issued to protect, under the statutory and regulatory conditions, the rights of holders of securities giving future access to company shares;
4. Acknowledges that the present delegation of powers ends, with immediate effect, any previous delegation of powers for the same purpose, particularly the one granted in the fourteenth resolution approved by the general meeting held on 5th July 2006.

The present delegation of powers is given for a period of 26 months from the date of this meeting.

### **Eighteenth resolution**

(Delegation of powers granted to the Board of Directors for a capital increase by issuing ordinary shares and securities giving access to the capital in return for contributions in kind up to a limit of 10% of the share capital)

The general meeting, ruling under the quorum and majority conditions required for extraordinary general meetings, having heard the Board of Directors' report and the auditor's special report and ruling in accordance with the provisions of Article L.225-147 of the Trade Code:

1. Delegates to the Board of Directors, for a period of 26 months, with the right to sub-delegate to any party authorised by law, the necessary powers to proceed, on the basis of the report by the contributions auditor referred to in the first and second paragraphs of Article L.225-147, cited above, with the issue of ordinary company shares or securities giving access via any means, immediately and/or in the future, to existing or new company shares in return for contributions in kind made to the company and formed by equity securities or other securities giving access to the capital, where the provisions of Article L.225-148 of the Trade Code are not applicable; the maximum nominal value of the capital increases, immediate or future, resulting from all the issues carried out under the present delegation of powers, is set at 10% of the company's capital, with the proviso that the nominal value of the capital increases carried out under the present resolution will be set off against the total ceiling specified by the fifteenth resolution and that this value does not include the nominal value of any ordinary shares issues for adjustments made to protect, in accordance with the law, the rights of holders of securities giving an entitlement to company equity securities;
2. Decides, as and where necessary, to cancel the shareholders' preferential right to subscribe to the ordinary shares and securities issued as above, in favour of the holders of the contributed securities, and acknowledges that the present delegation of powers entails the shareholders' waiver of their preferential right to subscribe to the ordinary company shares to which any securities issued on the basis of this delegation of powers may give an entitlement;
3. Decides that the Board of Directors will have all powers to implement the present resolution, notably to define the nature of the securities to be issued, the characteristics thereof and the procedures for issuing them, to rule, on the basis of the report by the contributions auditor(s) referred to in the first and second paragraphs of Article L.225-147, cited above, on the valuation of the contributions and the granting of specific advantages, to record the definitive completion of capital increases carried out under the present delegation of powers, to amend the articles of association correspondingly, to carry out all formalities, to make all declarations and to request any authorisations that may be necessary for the completion of these contributions.
4. Acknowledges that the present delegation of powers ends, with immediate effect, any previous delegation of powers for the same purpose, particularly the one granted in the fifteenth resolution approved by the general meeting held on 5th July 2006.

### **Nineteenth resolution**

(Delegation of powers granted to the Board of Directors to issue ordinary shares and securities giving access to the company's capital in the case of a public exchange offer made by the company)

The general meeting, ruling under the quorum and majority conditions required for extraordinary general meetings, having heard the Board of Directors' report and the auditors' special report and ruling in accordance with Article L.225-148 of the Trade Code:

1. Delegates to the Board of Directors, for a period of 26 months, with the right to sub-delegate to any party authorised by law, the powers necessary to issue ordinary company shares or securities giving access via any means, immediately or in the future, to existing or new company shares in return for securities contributed under a public exchange offer made by the company in France or abroad, according to the local rules, for the securities of another company traded on one of the regulated markets specified in Article L.225-148 cited above and decides, as and where necessary, to cancel the shareholders' preferential right to subscribe to the ordinary shares and securities to be issued in favour of the holders of the contributed securities; the nominal value of the capital increases, immediate or future, resulting from the implementation of the present delegation of powers, will be set off against the total ceiling specified by the fifteenth resolution and does not include the nominal value of any ordinary shares issued for adjustments made to protect, in accordance with the law, the rights of holders of securities giving an entitlement to company equity securities;
2. Acknowledges that the present delegation of powers entails the shareholders' waiver of their preferential right to subscribe to the ordinary shares to which any securities issued on the basis of this delegation of powers may give an entitlement;
3. Decides that the Board of Directors will have all powers to implement the public offers specified by the present resolution and, notably:
  - a) to set the exchange parity and the amount of any cash sum to be paid;
  - b) to record the number of securities contributed to the exchange;
  - c) to determine the dates, issue conditions, notably the price and rights date, of the new shares or any securities giving immediate and/or future access to a portion of the company's capital;
  - d) to record the difference between the issue price of the new shares and their nominal value under the company's balance sheet liabilities, in a "contribution premium" account to which the rights of all the shareholders will apply;
  - e) to set off any expenses and duties incurred for the authorised operation against the said "contribution premium";
  - f) to take, generally, all useful steps and to conclude all agreements for the completion of the authorised operation, to record the resulting capital increase(s) and to amend the articles of association correspondingly.

The present delegation of powers supersedes, for the unused fraction, the one given in the sixteenth resolution approved by the general meeting held on 5th July 2006.

### **Twentieth resolution**

(Authorisation given to the Board of Directors to carry out capital increases and sales reserved for group employees in accordance with the provisions of Articles L.433-1 et seq. of the Labour Code)

The general meeting, ruling under the quorum and majority conditions for extraordinary general meetings, having heard the Board of Directors' report and the auditors' special report and ruling within the framework of the provisions of Article L.225-138-1 of the Trade Code and Articles L.443-1 *et seq.* of the Labour Code, notably in order to comply with the provisions of Article L.225-129-6 of the Trade Code:

1. Delegates to the Board of Directors the necessary powers to increase the share capital in one or more stages, by its sole decision, in the proportions and at the times that it thinks fit, via the issue of shares, or any other securities giving access to Neopost's capital, reserved for employees (or former employees) of Neopost or other companies whose accounts are consolidated with it, in accordance with Article L.233-16 of the Trade Code, such employees belonging to one of the savings schemes referred to in Articles L.443-1 *et seq.* of the Labour Code (including the Neopost group savings scheme created on 10th September 1998) and belonging to any mutual funds (including the Neopost group mutual fund approved by the *Commission des Opérations de Bourse* on 19th January 1999) or unit trusts governed by Article L.214-40-1 of the Monetary and Financial Code via which the new shares and other securities issued may be subscribed to;
2. Decides to cancel the shareholders' preferential right to subscribe to the new shares, or new securities giving access to the capital, issued under the present delegation of powers in favour of employees (or former employees) of Neopost or other companies whose accounts are consolidated with it, in accordance with Article L.233-16 of the Trade Code, such employees belonging to one of the savings schemes referred to above and to any mutual funds (including the Neopost group mutual fund approved by the *Commission des Opérations de Bourse* on 19th January 1999) or unit trusts governed by Article L.214-40-1 of the Monetary and Financial Code via which the new shares issued may be subscribed to;
3. Delegates to the Board of Directors the powers necessary to sell the shares or other securities giving access to Neopost's capital, acquired by Neopost in accordance with the buy-back programmes approved by the general meeting, in one or more stages and as decide upon solely by the Board, within the legal limits, to the members of a company or group savings scheme created by Neopost or by other companies whose accounts are consolidated with it in accordance with Article L.233-16 of the Trade Code;
4. Sets the period of validity of the present delegation of powers at 26 months from the date of this general meeting;

5. Decides that the nominal value (excluding issue premiums) of the share capital increases resulting from all the shares, or other securities giving access to the capital, issued under the present delegation of powers (including any shares allotted free of charge instead of the discount or the employer's contribution subject to the conditions and limits defined by Article L.443-5 of the Labour Code) must not exceed a total of €600,000 (six hundred thousand euros), this amount being set independently of the maximum limits on capital increases resulting from other issues of shares or other securities used or delegated by this general meeting;
6. Decides that the prices of the shares or other securities giving access to the capital that are subscribed to or acquired by the beneficiaries specified above under the present delegation of powers will be determined by the Board of Directors under the conditions laid down by Article L.443-5 of the Labour Code, with the discount that may be offered within the framework of the savings scheme limited to 20% of the average initial prices quoted for the Neopost share on Euronext Paris SA at the twenty trading sessions preceding the day of the decision setting the opening day for subscriptions or the date for the sale of the shares or other securities specified above; the Board of Directors may convert any discount, in whole or in part, into a free allotment of existing or new shares, or other securities giving access to Neopost's capital, may reduce the discount or may decide not to grant a discount, all within the statutory and regulatory limits;
7. Decides that the Board of Directors, with the right to sub-delegate under the conditions laid down by law, will have all powers to implement the present delegation of powers within the limits and under the conditions specified above, notably in order:
  - a) to define the conditions that must be met by employees (or former employees) to be able to subscribe to or acquire shares, or other securities giving access to the capital, issued under the present delegation of powers, either individually or via mutual funds or via a unit trust;
  - b) to define the conditions of each issue and sale;
  - c) to draw up the list of companies whose employees are entitled to benefit from each issue and sale;
  - d) to determine the value of the issue or sale, the issue or sale price under the conditions specified above and the dates of and procedures for each issue and sale;
  - e) to set the period given to members to pay up their securities;
  - f) to allot, within the limits laid down by Article L.443-5 of the Labour Code, free shares or other securities giving access to the capital instead of the discount and/or the employer's contribution;
  - g) to decide whether the subscriptions and acquisitions should be made via a mutual fund, a unit trust or directly;
  - h) to set the date, even retroactively, from which the new shares or other securities will bear rights;

- i) to record, directly or indirectly, the completion of capital increases by the value of the shares actually subscribed to, or to decide to raise the value of the said increases or the value of the sales such that all the subscription and acquisition applications received can be met;
  - j) to set off any expenses, duties and fees incurred for such issues against the issue premiums and to deduct any necessary sums from the issue premiums for allocation to the legal reserve in order to bring it up to the level required by the operative legislation and regulations;
  - k) generally speaking, to take action, to carry out all formalities, to make all decisions and to conclude all useful or necessary agreements for the completion of the issues carried out under the present delegation of powers and to record the definitive completion of the capital increase(s) carried out under the present delegation of powers and to amend the articles of association accordingly.
8. Decides that the present delegation of powers nullifies the effect, to the extent of the unused amounts, of any previous delegation of powers for the same purpose and, in particular, supersedes, to the extent of the unused amounts, the delegation of powers given in the seventeenth resolution approved by the ordinary and extraordinary general meeting of the shareholders on 5th July 2006.

## **Twenty-first resolution**

*(Authorisation to be given to the Board of Directors to carry out capital increases reserved for financial institutions or companies created specifically to implement an employee savings scheme for the benefit of employees of certain foreign subsidiaries or branches of the group equivalent to the existing savings schemes of French and foreign group companies)*

The general meeting, ruling under the quorum and majority conditions required for extraordinary general meetings, having heard the Board of Directors' report and the auditor's special report:

1. Acknowledges that companies in the Neopost group, i.e. companies consolidated in the accounts of Neopost S.A. in accordance with Article 233-16 of the Trade Code, are headquartered or have branches in countries where legal or tax problems would complicate the implementation of employee share ownership systems via a mutual fund or unit trust or directly by employees (or former employees) of Neopost group companies resident in such countries, as provided for by the twentieth resolution;
2. Decides, within the framework of Article L.225-138 of the Trade Code, to authorise the Board of Directors to increase the company's share capital, in one or more stages, by issuing new shares, or any other securities giving access to the company's capital, to any financial institutions or any companies specifically and exclusively incorporated for the implementation of a company savings scheme intended to give the employees (or former employees) of certain foreign subsidiaries or branches, who cannot subscribe, directly or

indirectly, to Neopost shares within the framework of the twentieth resolution, comparable advantages to the employees concerned by this resolution, referred to hereafter as "Beneficiaries";

3. Decides to cancel, in the Beneficiaries' favour, the shareholders' preferential subscription right for the shares, or any other securities giving access to the company's capital, that may be issued by virtue of this authorisation;
4. Decides that the subscription price paid by the Beneficiaries for the shares, or other securities giving access to the company's capital, will be set by the Board of Directors, notably taking account of any foreign statutory, regulatory and tax provisions that may be applicable, though, in any event, the price may not be more than 20% lower than the average Neopost share price quoted on the Euronext Eurolist at the twenty trading sessions preceding the day of the Board of Directors' decision setting the date for the opening of the subscription;
5. Sets the period of validity of the present delegation of powers at eighteen months from the date of this general meeting;
6. Decides that the nominal value (excluding issue premiums) of the share capital increases resulting from all the shares, or other securities giving access to the capital, issued under the present delegation of powers must not exceed a total of €600,000 (six hundred thousand euros), this amount being set independently of the maximum limits on capital increases resulting from other issues of shares or other securities used or delegated by this general meeting;
7. Decides that the Board of Directors, with the right to sub-delegate under the conditions laid down by law, will have all powers to implement, in one or more stages, the present delegation of powers within the limits and under the conditions specified above, notably in order:
  - a) to define the conditions that must be fulfilled by the employees (or former employees) to be able to take part in the employee savings scheme envisaged under this delegation of powers and, in particular, to set limits if necessary on the applications by each employee according to his/her annual gross salary;
  - b) to draw up the list of companies whose employees (or former employees) are entitled to subscribe to the issue;
  - c) to draw up the precise list of financial institutions or companies created specifically to implement an employee savings scheme, similar to the existing savings schemes of French and foreign group companies, for the benefit of employees (or former employees) of certain foreign subsidiaries or branches of the group who are the beneficiaries of each issue;
  - d) to define the issue conditions;
  - e) to determine the value of the issue, the issue price under the conditions specified above and the dates of and procedures for each issue;

- f) to set the periods given to pay up securities;
- g) to set the date, even retroactively, from which the new shares will bear rights;
- h) to record, directly or indirectly, the completion of the capital increase by the value of the shares actually subscribed to, or to decide to reduce or raise the value of the capital increase such that all the subscription applications received can be met;
- i) to set off any expenses, duties and fees incurred for such issues against the issue premiums and to deduct any necessary sums from the issue premiums for allocation to the legal reserve in order to bring it up to the level required by the operative legislation and regulations;
- j) generally speaking, to take action, to carry out all formalities, to make all decisions and to conclude all useful or necessary agreements for the completion of the issues carried out under the present delegation of powers and to record the definitive completion of the capital increase(s) carried out under the present delegation of powers and to amend the articles of association accordingly.

### **Twenty-second resolution**

(Amendment of the authorisation granted by the general meeting held on 5th July 2006 for the Board of Directors to allot free existing or new shares)

The general meeting, ruling under the quorum and majority conditions for extraordinary general meeting, having heard the Board of Directors' report, decides, in accordance with Article L.225-197-1 of the Trade Code, amended by Act No. 2006-1770 of 30th December 2006, to amend the authorisation granted by the general meeting held on 5th July 2006 by adding the following provisions:

1. Authorises the Board of Directors to carry out, in one or more stages, free allotments of existing or new company shares, setting, for one or more allotments, in whole or in part, a minimum acquisition period of 4 (four) years, in which case no period of retention will be imposed for the shares concerned;
  2. Decides that a free share allotment may be carried out immediately before the end of the acquisition period in the event of the beneficiary's invalidity corresponding to category two or three as specified in Article L.314-4 of the National Insurance Code, in which case the shares will be freely transferable.
  3. All the other provisions of the authorisation given in the eighteenth resolution approved by the general meeting held on 5th July 2006 remain unchanged.
  4. This authorisation is given for the remainder of the 38-month period that began with the general meeting of 5th July 2006.
- Delegates all powers to the Board, with the right to sub-delegate within the statutory limits, to implement the present resolution, to amend the rules of existing schemes, if necessary, particularly by increasing the acquisition period initially set at two years to four years and cancelling the share retention period

initially set at two years, subject to obtaining the consent of all the beneficiaries concerned, to define the period(s) for acquiring or retaining the allotted shares, to define, in the event of new shares being allotted, the value and nature of the reserves, profits and premiums to be incorporated in the capital, to carry out all action and all formalities, to make all declarations, to carry out any adjustments for any operations involving the company's capital, to record the capital increase(s) carried out under the present authorisation, to amend the articles of association correspondingly, to set off, if it thinks fit, the capital increase expenses against the premiums relating to these operations, to deduct from this amount the sums necessary to increase the legal reserve to one tenth of the new capital after each increase and, generally, to take all necessary steps.

### **Twenty-third resolution**

*(Authorisation given to the Board of Directors to cancel shares acquired as a result of the company buying back its own shares)*

The general meeting, having heard the Board of Directors' report and the auditors' report, subject to adoption of the thirteenth resolution concerning the company buying back its own shares and in accordance with Article 225-209 of the Trade Code:

1. Decides to authorise the Board of Directors, for a period of 18 months from the adoption of the present resolution, with the right to sub-delegate to its Chairman under the conditions laid down by law, to cancel, in one or more stages, by its sole decision, all or any company shares held by the company after implementing the said buy-back authorisation, up to a limit of 10% of the share capital per 24-month period, and to reduce the share capital correlatively by deducting the difference between the buy-back value of the cancelled shares and their nominal value from the available premiums and reserves, as it chooses;
2. Decides to authorise the Board of Directors, with the right to sub-delegate, to determine the definitive value of the capital reduction, to determine the procedures for it, to record the completion of the resulting capital reduction(s), to amend the articles of association accordingly and to carry out all necessary formalities;
3. Decides that the present delegation of powers nullifies the effect, to the extent of the unused amounts, of any previous delegation of powers for the same purpose.

### **Twenty-fourth resolution**

*(Delegation of powers granted to the Board of Directors to issue securities giving the right to the allotment of debt securities and not giving rise to an increase in the company's capital)*

The general meeting, ruling under the quorum and majority conditions required for extraordinary general meetings, having heard the Board of Directors' report

and the auditors' special report and ruling in accordance with the provisions of Articles L.225-129 to L.225-129-6, L.228-91 and L.228-92 of the Trade Code:

1. Delegates to the Board of Directors, for a period of 26 months, with the right to sub-delegate to any party authorised by law, the power to decide to issue, in one or more stages, in France or abroad and/or on the international market, in euros or in any monetary unit established with reference to several currencies, bonds with bond warrants attached and, more generally, securities giving the right to the allotment, immediately or in the future, of debt securities such as bonds, equivalent securities, subordinate securities with or without a fixed term and any other securities giving the same lien on the company in the same issue; the nominal value of all the securities to be issued as stated above may not exceed €250,000,000 or the equivalent thereof in foreign currency or in any monetary unit established with reference to several currencies, with the proviso that this maximum nominal value is independent of the value of any debt securities issued on the basis of the fifteenth and sixteenth resolutions, this amount to be increased by any redemption premium above par;
2. Confers all powers on the Board of Directors, with the right to sub-delegate:
  - to carry out the said issues within the limit set above, to determine the issue date, nature, amounts and currency;
  - to define the characteristics of the securities to be issued and the debt securities to which the issued securities give the right of allotment, notably the nominal value and rights date thereof, the issue price with the premium, if any, the interest rate, fixed and/or variable, and the payment date or, in the event of variable-rate securities, the procedures for determining the interest rate or the conditions for compounding interest;
  - to determine, according to market conditions, the procedures for redeeming and/or reimbursing in advance the securities to be issued and the debt securities to which the issued securities give the right of allotment, with a fixed or variable premium where appropriate, or even for the company buying them back;
  - where appropriate, to grant a guarantee or sureties for the securities to be issued and the debt securities to which the issued securities give the right of allotment and to determine the nature and characteristics thereof;
  - generally speaking, to determine the procedures for each of the issues, to enter into all contracts, to conclude all agreements with all banks and organisations, to take all steps, to carry out all necessary formalities and, generally, to do everything necessary.
3. Acknowledges that the present delegation of powers nullifies the effect of any previous delegation of powers for the same purpose.

## **Twenty-fifth resolution**

(Powers for legal formalities)

The general meeting decides to confer all powers on the bearer of the original minutes of its proceedings, or a copy thereof or an extract therefrom, to carry out all publication and filing formalities as and where required by the operative statutory and regulatory provisions.

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## CONCISE 2006 SUMMARY

2006 was truly a record year for Neopost. Sales reached €918.5m in 2006, which represents an increase of 11.9% at constant exchange rates. Neopost grew in all markets, but performances in North America and the UK were truly remarkable.

The excellent sales level recorded in 2006 and the on-going efforts to improve profitability enabled Neopost to further increase its current operating income. This grew significantly faster than sales, rising 16.2% compared to 2005, to reach €238.8m. Thus the Group was able to post a record current operating margin of 26.0% of sales, a 1.2 point improvement on the 24.8% reported in 2005.

Net income grew by 14.0% in 2006 at €157.3m, or 17.1% of sales, from 16.7% of sales in 2005.

These performances provided fresh evidence of Neopost's ability to capitalise, year after year, on developments in the postal industry and the market opportunities they create. By supporting the shift in the product mix towards more high-end machines, improving constantly the contribution of supplies to total sales, developing the financial services and controlling currency effects, Neopost managed to improve its productivity while expanding its activity.

Within this favourable situation, the Group keeps great expectations for the future. Excluding currency effects, Neopost should generate sales of more than one billion euros looking to 2008. The current operating margin should rise too, growing by between 30 and 50 basis points per year in 2007 and 2008.

## DISCUSSION AND ANALYSIS ON THE NEOPOST GROUP'S FINANCIAL POSITION AND RESULTS

### Income statement

€m	2006 (year ended 31 January 2007)		2005 (year ended 31 January 2006)	
<b>Sales</b>	<b>918.5</b>	<b>100.0%</b>	<b>827.3</b>	<b>100.0%</b>
Cost of sales	(212.5)	(23.1)%	(195.1)	(23.6)%
<b>Gross margin</b>	<b>706.0</b>	<b>76.9%</b>	<b>632.2</b>	<b>76.4%</b>
R&D expenses	(42.1)	(4.6)%	(36.2)	(4.4)%
Sales and marketing expenses	(229.8)	(25.0)%	(205.8)	(24.9)%
Administrative expenses	(120.7)	(13.1)%	(110.4)	(13.3)%
Service and other expenses	(67.5)	(7.4)%	(69.7)	(8.4)%
Employee profit-sharing	(7.1)	(0.8)%	(4.6)	(0.6)%
<b>Current operating income (EBIT)</b>	<b>238.8</b>	<b>26.0%</b>	<b>205.5</b>	<b>24.8%</b>
Proceeds from asset disposals and other	1.5	0.1%	0.8	0.1%
<b>Operating income</b>	<b>240.3</b>	<b>26.1%</b>	<b>206.3</b>	<b>24.9%</b>
Net financial income (expense)	(18.8)	(2.0)%	(11.6)	(1.4)%
<b>Net income before tax</b>	<b>221.5</b>	<b>24.1%</b>	<b>194.7</b>	<b>23.5%</b>
Income taxes	(64.8)	(7.1)%	(57.4)	(6.9)%
Results of associated companies	0.6	0.1%	0.7	0.1%
Minority interests	-	-	-	-
<b>Net income</b>	<b>157.3</b>	<b>17.1%</b>	<b>138.0</b>	<b>16.7%</b>

### Record sales growth in 2006

In 2006, Neopost generated €918.5m of sales, an increase of 11.9% at constant exchange rates.

Neopost sales reached a record level during the year. The Group posted strong growth in all markets and businesses. This solid performance was yet another demonstration of the strength of Neopost's profitable growth model. The performance also confirms the Group's ability year after year to take full advantage of developments in the postal sector and resulting market opportunities.

Revenue from mailing systems increased by 13% (before exchange rate effects). Document and logistics systems sales increased 8.9% (before exchange rate effects), illustrating the success of the Group's marketing strategy which is aimed at developing cross-selling between its two business lines. The breakdown of sales between mailing systems and document and logistics systems was relatively stable at 75.4% and 24.6% respectively.

## Sales evolution by geography

(€m)	2006	2005	Change	Change at constant exchange rates
North America	377.1	333.9	+12.9%	+15.3%
France	252.1	240.9	+4.6%	+4.7%
UK	148.9	118.7	+25.4%	+24.9%
Germany	56.0	53.5	+4.7%	+4.7%
Rest of the world	84.4	80.3	+5.1%	+5.4%
<b>Total</b>	<b>918.5</b>	<b>827.3</b>	<b>+11.0%</b>	<b>+11.9%</b>

### Very strong growth in North America

2006 sales amounted to €377.1m. Full-year sales increased 15.3% before exchange rate effects, demonstrating the competitiveness and sales momentum Neopost deployed successfully in decertification programmes finishing at the end of 2006 in the US and Canada.

### Solid growth in France

Full-year sales amounted to €252.1m. This reflected solid 4.7% growth year on year.

### Record growth in the UK

Sales amounted to €148.9m in 2006, an increase of 24.9% over the full year, reflecting an excellent performance in the first nine months of the year thanks to Neopost's ability to adapt its services to the new British postage pricing method (based on envelope size as well as weight). Business was also helped by the echo effect of decertification in 2001-2002.

### Strong growth in Germany

Sales amounted to €56.0m. Sales grew 4.7% compared with a high base in 2005, when they had been helped by a substantial increase in sales prompted by the financial incentive programme introduced by the German postal service to encourage the installation of new mailing machines.

### Strong growth in the rest of the world

Neopost's sales reached €84.4m. Sales grew 5.4% over the full year despite a high basis of comparison. In 2005 the Group had enjoyed a particularly high level of sales, mainly thanks to decertification programmes in the Netherlands and Switzerland.

### Sharp increase in equipment sales

By revenue category, Neopost experienced a very sharp rise in equipment sales in 2006 (+21% before exchange rate effects), particularly in North America and the UK. This is a good omen for future years since today's equipment sales represent tomorrow's recurring revenue for Neopost. In 2006, recurring revenue accounted for 59% of sales, compared to 63% a year earlier.

### Continuing improvement of market coverage

With a view to continuing to improve distribution, Neopost acquired three distributors in Europe (Italy and Netherlands) and 12 in the US in Massachusetts, Oregon, Alabama, Indiana, Texas and Michigan. The Group also sold two agencies in Georgia and Ohio. 40% of the US market was covered by a single sales organisation at 31 January 2007 compared with 24% a year ago and zero two years ago. This policy of improving market coverage will continue in 2007.

### Expansion of the financial services business

In mid-2006, Neopost successfully launched a new service in the United States aimed at financing postage for its customers.

The financial services business continues to grow, and accounted for 6.4% of sales in 2006. The portfolio had reached €398.7m at the end of January 2007. This reflects an increase of 24.4% from the end-January 2006 level of €320.4m and was mainly due to strong growth in Europe and North America.

### Launch of online services

Neopost has launched a full range of online services for its customers based on the extended connectivity of new generation franking machines, first in the US (mid 2006) and then in the UK (end 2006). These services include mail traceability management (proof of receipt), an ink level alert system, centralised accounting for postage, downloading of updated postage prices, parcel shipping management, and remote maintenance diagnosis (for both mailing machines and document systems). These services will be launched shortly in France.

### Increased spending on research and development

This year, Neopost further increased spending on research and development. R&D expenses amounted to 4.6% of sales in 2006 compared with 4.4% a year ago. A significant proportion of the research and development spending was capitalised during the year €8.7m at 31 January 2007 compared with €12.7m at 31 January 2006. The main focus of research and development is on future generations of hardware, software, infrastructure and networks to manage information flows between customers and postal services and/or carriers.

### Sharp increase in current operating income

Strong growth in 2006 combined with continuing efforts to improve margins helped Neopost to increase current operating income once again. Current operating income increased 16.2% year on year to €238.8m, a much faster rate of growth than sales. The Group also reported another current operating margin record of 26.0% of sales.

This increase in current operating margin was mainly due to:

- sales growth,
- a shift in the product mix towards higher-end machines,
- a growing proportion of supplies-related sales,
- the development of financial services,
- improved productivity,
- control of exchange rate effects.

## Increased net interest expense

Net interest expense increased to €18.8m in 2006 from €11.6m in 2005.

This had been expected for a number of reasons:

- the Group's dividend policy in 2006, which was aimed at paying back to shareholders all of the increase in net equity generated during the period,
- investment in financial services,
- acquisitions of distributors,
- higher interest rates.

## Stable tax rate

The average tax rate was stable at a slightly below 30% in 2006 (29.3%).

## Sharp increase in net income

Net income increased by 14% year on year in 2006 to €157.3m. This was 17.1% of sales compared with 16.7% a year ago.

## Continuing shareholder return policy

In 2006, Neopost introduced a shareholder return policy intended to return to shareholders all the increase in the Group's net equity except in the event of a major acquisition. Returns are made in the form of share buybacks (about 2% of the number of shares in circulation each year) and the rest in the form of dividends.

This policy will continue in 2007 in respect of 2006.

The Board of Directors has decided to request approval from shareholders at the next Annual General Meeting to pay an ordinary dividend of €3.30 per share for 2006. This marks a 10% increase on 2005, when a dividend of €3.00 per share was paid, in the form of an ordinary dividend of €2.20 per share and an exceptional dividend of €0.80 per share.

This dividend of €3.30 per share represents a total sum of €104m, giving a yield of 3.5% based on the 29 December 2006 share price of €95.15. Excluding the liquidity contract, the Group also bought back 776,834 shares (2.4% of the share capital) between 1 February 2006 and 31 January 2007 for €68.1m.

As part of an operation terminating at the end of March 2007, the Group also bought back a further 326,333 of its shares for €32m.

## New share buyback programme

A new share buyback programme involving a maximum of 10% of the issued share capital at a maximum purchase price of 1.3 times the closing price on 9 July 2007 will be presented for approval to the shareholders' AGM to be held on 10 July 2007.

## Outlook for 2007 and beyond

The postal sector is changing rapidly as a result of deregulation and economic and competitive pressures which are forcing postal organisations to improve efficiency and productivity. This is leading to a search for greater automation of mail sorting and delivery. These developments are creating new needs for customers upstream and therefore new market opportunities for Neopost, such as pricing in proportion in the UK in 2006 and shape-based pricing in the US. Technological and regulatory innovation will therefore continue to drive the market, in addition to decertification programmes, the development of online services and sales of supplies.

Neopost is particularly well placed to take maximum advantage of these opportunities thanks to the Group's status as partner to postal services, decentralised structure, continuing investment in R&D and position as challenger in a fast-changing market. As a result, Neopost will continue to roll out its profitable growth model which is based on the four following pillars:

- a focus on high-end equipment,
- the expansion of services,
- optimisation of distribution,
- specific productivity improvement programmes.

In 2007, Neopost expects sales to grow by at least 5% to 6% (before exchange rate effects), since the plan to change the postage pricing method in the United States has just been confirmed. The impact of this change for Neopost is estimated at 1 to 2 points of additional growth in 2007 (before exchange rate effects). The Group believes that it will be able to generate more than a billion euros in sales by 2008, at constant exchange rates.

When it comes to current operating margin, Neopost anticipates a 30 to 50 basis point improvement per year in 2007 and 2008.

## SUMMARY OF NEOPOST S.A. MANAGEMENT REPORT

### Parent company income statement

Neopost S.A.'s operating loss amounted to (€3.4m) compared with a profit of €0.1m at 31 January 2006. Operating revenue consists of sums billed to subsidiaries for assistance, brand royalties and rebilling of costs paid on behalf of subsidiaries, and amounted to €12.1m (€11.0m at 31 January 2006). This covers part of the operating costs of €15.6m (€11.0m at 31 January 2006). Net income amounted to €157.5m (€34.1m at 31 December 2006) after inclusion of €6.1m in net tax income (€11.3m at 31 December 2006) resulting from use of the tax consolidation system.

### Parent company balance sheet

#### **Assets**

##### Financial assets

In financial year 2006, Neopost S.A. bought 776,834 shares or 2.4% of its capital at 31 January 2007 for €68.1m with a view to cancellation, compared with €24.6 million at 31 January 2006.

The balance of the movement in financial assets over the period was mainly due to further loans being made to the Group's subsidiaries.

Net financial assets amounted to €794.0m at 31 January 2007 compared with €743.4m at 31 January 2006.

##### Other receivables

Sundry receivables totalled €126m at 31 January 2007 compared with €115.6m at 31 January 2006 and broke down as follows:

(€m)	At 31 January 2007	At 31 January 2006
- Subsidiary current accounts – cash facility		
<b>Mail Finance</b>	<b>18.5</b>	<b>20.2</b>
<b>Neopost Technologies S.A</b>	<b>5.3</b>	<b>11.3</b>
<b>Neopost Inc</b>	<b>64.1</b>	<b>51.2</b>
<b>Neopost Japan</b>	<b>1.5</b>	<b>1.7</b>
<b>Mail Leasing GmbH</b>	<b>6.3</b>	<b>2.3</b>
<b>Neopost SRL (Italy)</b>	<b>4.9</b>	<b>3.9</b>
<b>Neopost Canada</b>	<b>10.4</b>	<b>2.5</b>
<b>Satas</b>	<b>3.7</b>	
<b>Other</b>	<b>5.0</b>	<b>6.0</b>
- Accounts receivable (services invoiced)	<b>5.9</b>	<b>5.3</b>
- Tax receivables	<b>0.4</b>	<b>11.2</b>
<b>Total</b>	<b>126.0</b>	<b>115.6</b>

## Liabilities

315,818 options were exercised for a total of €10,794,598.57. As a result, share capital increased by €315,818 and additional paid-up capital by €10,478,780.57. Following a share buyback, there was also a capital reduction of 299,572 actions for a total of €24,584,000. As a result, share capital decreased by €299,572 and additional paid-up capital by €24,284,428.

Allocations were made to reserves and retained earnings as approved by the Ordinary General Meeting.

(€m)	Par value	Number of shares	Share capital	Additional paid-in capital	Reserves, retained earnings and income for the year	Total
Shareholders' equity at 31 January 2006	1.00	32,206,659	32,206,659	174,196,298	65,521,209	271,924,166
Capital increase: exercise of options	1.00	315,818	315,818	10,478,781	-	10,794,599
Capital reduction: cancellation of 299,572 treasury shares	1.00	(299,572)	(299,572)	(24,284,428)	-	(24,584,000)
Allocation to legal reserve	-	-	-	-	(5,015)	(5,015)
Dividends paid	-	-	-	(47,176,186)	(47,084,768)	(94,260,954)
Net income	-	-	-	-	157,504,712	157,504,712
<b>Shareholders' equity at 31 January 2007</b>	<b>1.00</b>	<b>32,222,905</b>	<b>32,222,905</b>	<b>113,214,465</b>	<b>175,936,138</b>	<b>321,373,508</b>

## Debt

Debt at 31 January 2007 broke down as follows:

(€m)	At 31 January 2007	At 31 January 2006
US private placement	167.8	177.7
Caisses Régionales Crédit Agricole private placement	133.0	-
Revolving credits	35.0	105.1
Borrowings from subsidiaries	28.8	32.6
Accrued interest	4.0	3.0
Other	1.2	1.2
<b>Total</b>	<b>369.8</b>	<b>319.6</b>

On 1 December 2006, Neopost arranged a private placement with Caisses Régionales du Crédit Agricole. The two tranches of this debt are for the same time period and are both redeemable in December 2012. The interest paid on this debt is structured interest which was swapped on issue, with the conditions and term being the same as the debt tranches. After the swap, the debt carries fixed interest at 4.094%.

## Five-year results table

As required by article 148 of the decree dated 23 March 1967:

(€m)	31/01/2003	31/01/2004	31/01/2005	31/01/2006	31/01/2007
<b>Share capital</b>					
Capital at year end	30.3	30.3	31.9	32.2	32.2
Number of shares	30,305,239	30,329,339	31,856,937	32,206,659	32,222,905
<b>Operations and earnings</b>					
Net sales	9.4	10.1	9.9	11.0	12.1
Income before tax, depreciation and provisions	15.9	44.5	22.3	23.8	162.0
Income tax	1.4	3.4	0.9	11.3	6.1
Depreciation and provisions	(7.2)	(9.8)	1.6	(1.0)	(10.6)
Net income	10.1	38.1	24.8	34.1	157.5
Income paid out	30.3	37.9	111.5	95.7	103.6
<b>Earnings per share</b>					
Income after tax, before depreciation and provisions	0.57	1.58	0.75	1.09	5.22
Income after tax, depreciation and provisions	0.33	1.26	0.78	1.06	4.89
Dividends paid	1.00	1.25	3.50	3.0	3.3
<b>Employees</b>					
Average employees	18	20	20	22	21
Total wages	1.97	2.1	2.5	2.6	3.1
Employment benefits paid (social security, payroll charges)	0.89	1.0	1.2	1.2	3.8

## **PRACTICAL INFORMATION IN ORDER TO ATTEND THE GENERAL MEETING**

To attend, be represented or vote by mail at this meeting, shareholders must be registered on the pure registered account or the managed registered account at least three days before the date of the meeting.

Owners of bearer shares must, within the same deadline, send a certificate issued by the authorised intermediary (bank, financial institution or brokerage house) holding the account to the company's registered office or to CACEIS Corporate Trust – 14 rue Rouget de Lisle – 92862 Issy-les-Moulineaux cedex 9.

We remind you that, should you be unable to attend said meeting in person, shareholders may choose one of the three following options:

1. send a proxy to the company, without naming the appointed proxy,
2. vote by mail,
3. give a proxy to another shareholder or one's spouse.

The documents provided for by law are enclosed herewith.

In the event of a vote by mail, the shareholder who has opted for this method of participating in the meeting will no longer have the right to attend the meeting or to be represented there.

CACEIS Corporate Trust – 14 rue Rouget de Lisle – 92862 Issy-les-Moulineaux cedex 9 must receive forms for voting by mail no later than three days before the date of the meeting.



a limited company (société anonyme)  
with share capital of euros 31,446,071  
Registered office: 113, rue Jean Marin Naudin - 92220 Bagneux  
Nanterre Trade and Companies' Register # 402 103 907

**REQUEST FOR DOCUMENTS AND INFORMATION**

(art.R.225-81 Code de commerce)

I, the undersigned:

Surname.....

Forenames.....

Address.....

.....

request that information and documents concerning the Ordinary and Extraordinary General Meeting of July 10<sup>th</sup>, 2007, as provided for under article R.225-83 of the Code de Commerce, concerning business corporations should be sent to me.

[place]....., [date].....

Signature:

**N.B.:** Holders of registered shares, using a single application form, may request the company to send documents and information provided for under articles R.225-81 and R.225-83 of the Code de commerce, in connection with each of the shareholders' meetings held at a later date.